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TAGS: [NATO](#) [PGOV](#) [PREL](#) [AJ](#) [AM](#) [GG](#) [TU](#) [RS](#)
SUBJECT: AZERBAIJAN PRESIDENT ALIYEV BRIEFS ENERGY,
NAGORNO-KARABAKH AND THE CAUCASUS TO THE NAC

Classified By: Ambassador Kurt Volker for reasons 1.4 (b) and (d)

11. (C/NF) SUMMARY: Appearing before the North Atlantic Council (NAC) for the first time in two and a half years, Azerbaijan President Ilham Aliyev (joined by Foreign Minister Elmar Mammadyarov) briefed the Allies on Azerbaijan's role as a regional energy supplier, his commitment to resolve the Nagorno-Karabakh dispute, and his perspective on the August 2008 Georgia war. He also discussed relations with Russia and Iran. Aliyev engaged in a tense exchange with the Turkish PermRep, passionately protesting that Azerbaijan was not consulted nor given much notice of the signing of the Turkey-Armenia roadmap. Allies thanked Aliyev for Azerbaijan's contributions to NATO and asked Aliyev to consider contributing to civilian reconstruction efforts in Afghanistan. U.S. Ambassador Volker expressed his hope that Azerbaijan will participate in Operation LANCER/LONGBOW as planned. END SUMMARY.

Aliyev: Azerbaijan is a "reliable" partner

12. (C/NF) In an effort to demonstrate to Allies the depth of Azerbaijan's commitment to NATO, Aliyev noted that Azerbaijan had participated in almost 200 NATO events last year, had decided to double the number of troops it contributes to the International Security Assistance Force (ISAF) in Afghanistan, and had continued to implement economic and political reforms consistent with those stated in its Individual Partnership Action Plan (IPAP). He said Azerbaijan received "very positive and instrumental cooperation" from NATO, confirmed that his country had made a strategic choice to seek close relations with both NATO and the European Union, and characterized Azerbaijan as a "reliable" partner for the Alliance.

13. (C/NF) As evidence of Azerbaijan's upwards trajectory, Aliyev said that in the last five years Gross Domestic Product had increased more than two and a half times, adding that in that same period the poverty level had fallen from 49 percent to 13 percent. Aliyev portrayed the decrease in poverty as evidence that Azerbaijan had properly established and managed its energy policy, resulting in greater wealth distribution throughout the population. Much of this money had been invested in infrastructure improvements, with funds used to construct three international airports, railroad lines, roads, and

pipelines. It had also been used to build up Azerbaijan's Caspian fleet.

From energy importer to exporter in two years

¶4. (C/NF) Aliyev proclaimed that for Azerbaijan, energy security is synonymous with general security. He said that Azerbaijan tries to avoid "energy blackmail" and -- in an indirect reference to Russian Foreign Minister Lavrov's linkage of energy policy to foreign policy -- any attempts to link energy policy to a political agenda. Aliyev said that as recently as 2007 Azerbaijan was an energy importer. When Gazprom unilaterally canceled its contract with Azerbaijan, however, Baku was forced to become an exporter. Now Azerbaijan supplies gas to Turkey (which resells the gas to Greece) and Iran, as well as functions as the sole supplier of energy to Georgia (which has negotiated a fixed price with Azerbaijan for the next five years). Currently Azerbaijan is negotiating to expand supply to Greece and Bulgaria. With 50 percent of Gazprom's supply of gas originating in Central Asia, Aliyev emphatically stated that the world can not delay the process of getting Central Asian gas to the West, arguing for increased cooperation between producers, transiting countries, and consumers. In response to Ambassador Volker's question about the security of Azerbaijan's energy supply and infrastructure, Aliyev responded that Azerbaijan's Naval and Coast Guard services are so well-financed and well-equipped that they can detect "even one boat" in the area.

¶5. (C/NF) When asked by the Romanian PermRep what it would take to get the Nabucco project going, Aliyev expressed frustration that the project had been stalled for the last year and responded that transit agreements between all affected nations were needed. He also called for a strong political commitment and financial package from European Union structures to rejuvenate the project. Another problem Aliyev cited was the growing demand for gas, and the need to balance demands from both Azerbaijan's existing consumers and Nabucco's additional requests. He stressed that consumers must keep their demands reasonable and honest. As an example, Aliyev said that Azerbaijan received a request from Georgia to furnish that country with 16 billion cubic meters of gas, when Georgia only uses about 1 to 1.5 billion cubic meters of gas currently. This unreasonably large request leads Azerbaijan to the conclusion that Georgia must want to resell Azerbaijani gas.

¶6. (C/NF) Aliyev noted that the experience of Azerbaijan is that infrastructure drives resource development, and not -- as is the popular belief -- the other way around. As such, he believes investors should invest in Nabucco now, not insist on more proven gas reserves first. For Azerbaijan's part, Aliyev said he wants to invest another USD 15 billion in gas field preparation and infrastructure. He placed Azerbaijan's current natural gas reserves at 2 trillion cubic meters, but thinks the number could be as high as 5 trillion cubic meters.

Nagorno-Karabakh (and other Armenian communities)

¶7. (C/NF) With the situation over the status of Nagorno-Karabakh (N-K) still unresolved after nearly 20 years, Aliyev argued that seven Azerbaijani regions were under Armenian occupation, in contravention of numerous UN and OSCE resolutions. He argued that the events in Georgia in August 2008 demonstrated to the region that no such conflicts are truly "frozen," and reminded the NAC that what happened in Georgia last year mirrors what happened in N-K in 1992 and 1993. Aliyev reiterated his support for the work by the Minsk Group Co-Chairs and its "Basic Principles," the development of a corridor from N-K to Armenia, and the establishment of a high degree of self-rule for N-K. He said that the negotiations had been difficult, but successful.

Nevertheless, he lamented that the progress that had been achieved in prior years stalled with the 2008 election of Armenian President Sargsyan.

¶8. (C/NF) The Czech Republic and Romania reiterated their support for the territorial integrity of Azerbaijan, as stated in paragraph 58 of the Strasbourg-Kehl Summit Communiqué. The U.S., Latvia, and Italy voiced support for the Minsk process and for Aliyev's commitment to find a resolution to the N-K conflict.

Turkey-Armenia

¶9. (C/NF) The Turkish PermRep, who opened his statement by saying that Turkey was committed to supporting the peaceful, fair and lasting settlement of the N-K dispute, said that without resolution of this dispute there can be no good neighborly relations in the region. However, he also stated that Turkey will continue to "pay due consideration to the well-being of our Azeri friends in the future," adding that Ankara had consulted with Baku before the issuance of the recent Turkey-Armenia joint statement.

¶10. (C/NF) While stating that Azerbaijan had no intention of meddling in Turkish-Armenian affairs, Aliyev strongly rejected the claim that he had been consulted on the recent joint statement, arguing that his government was only "informed" several hours before the joint statement was issued. He further accused Armenia of trying to manipulate public opinion on N-K, and proclaimed that the dispute must be settled under international law (otherwise, Aliyev sarcastically commented, Armenian communities in California,

the south of France and Sochi will all claim similar disputes). Aliyev stated that he was told by Turkish President Gul that the Turkey-Armenia border would not open until the N-K dispute was resolved, and now the lingering question for Azerbaijanis is whether resolution of the N-K conflict is part of the roadmap deal. He said that his citizens wanted a simple answer to a simple question: Is N-K still a part of the deal or not?

Mr. Aliyev's Neighborhood

¶11. (C/NF) Regarding the August 2008 events in Georgia, Aliyev said that it was not his place to talk about who was to blame for the hostilities. Nevertheless, he did say that both Georgia and Russia were at fault and that there are "illegal entities" present in the Caucasus. Aliyev said that the August events disrupted energy transport in the region to such an extent that Azerbaijan suffered USD 1 billion in losses. Aliyev took credit for Azerbaijan's being the first country to provide practical support to Georgia, supplying it with oil, gas and petrol for one week without payment.

¶12. (C/NF) Aliyev characterized Russia as a "friendly country" with which Azerbaijan has solid relations. Aliyev specifically stated that Russia has made no attempts to interfere in Azerbaijan's internal affairs. Responding to questions from Poland, Greece and Hungary on Azerbaijan's relations with Iran, Aliyev said that in light of the fact that there are three times more Azeris living in Iran than in Azerbaijan, he did not want to make trouble with Iran. In regards to both countries, Aliyev stated that he wants normal relations with Russia and Iran, but would not do so "with concessions."

The Allies respond

¶13. (C/NF) Romania, speaking as Contact Point Embassy for Azerbaijan, applauded Azerbaijan for leading the Partnership

Action Plan-Terrorism working group on the protection of energy infrastructure, and for its contributions in the Euro-Atlantic Partnership Council/Partnership for Peace framework during the last 15 years. Echoing these comments, Ambassador Volker stated that the Allies fully intend to go forward with Operation LANCER/LONGBOW and hoped that Azerbaijan will also. Estonia stated that it is ready to support Azerbaijan's western integration "at (Azerbaijan's) speed."

¶14. (C/NF) The U.S., Romania, Lithuania, Canada, Poland and Latvia thanked Azerbaijan for its contributions to ISAF; several Allies asked Aliyev to consider contributing further to ISAF through civilian reconstruction projects. Aliyev stated that Azerbaijan had finalized negotiations with the U.S. Transportation Command for the transit of U.S. supplies to Afghanistan, adding that Azerbaijan would always provide a reliable route through the Caucasus.
VOLKER